

Morning Call

01 October 2021

Indices	Close	Previous	Chg. %
Sensex Index	59,126	59,413	-0.48%
Nifty Index	17,618	17,711	-0.53%
NSEBANK INDEX	37,425	37,743	-0.84%
NSEAUTO INDEX	10,598	10,656	-0.54%
NSEIT INDEX	35,028	35,283	-0.72%

Market depth	Advance	Decline	T/O(bn)
NSE	1,035	1,002	729
BSE	1,842	1,432	50

Indices	Close	Previous	Chg. %
DJIA	33,844	34,391	-1.59%
NASDAQ	14,449	14,512	-0.44%
S&P 500	4,308	4,359	-1.19%
DAX	15,261	15,365	-0.68%
CAC 40	6,520	6,561	-0.62%
FTSE 100	7,086	7,108	-0.31%
HANG SENG	24,576	24,664	-0.36%
SSE INDEX	3,568	3,536	0.90%
NIKKIE 225	29,453	29,544	-0.31%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
BAJFINANCE	2.1	POWERGRID	-2.8
BAJAJFINSV	2.1	ASIANPAINT	-2.3
TATAMOTORS	1.0	SHREECEM	-2.2
NTPC	0.8	AXISBANK	-2.0
SUNPHARMA	0.8	EICHERMOT	-1.9

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	97.0	121.7	-24.7
STOCK FUT	325.1	348.0	-22.8

Markets ended lower for the third day running

- Mixed global cues and caution ahead of infrastructure output data for August due out later in the day also weighed on markets.
- Tata Motors rose over 1 percent after reports that the company is regaining lost ground in its domestic business.

Global & Asian market overview

- **European stocks** closed weak, with investors digesting a slew of economic data from the region, as well as data from the U.S. and China, and largely making cautious moves.
- **US stocks** Following the mixed performance seen in the previous session, stocks moved sharply lower over the course of the trading session on Thursday. The Dow tumbled to a three-month closing low, while the Nasdaq and the S&P 500 both ended the day at their lowest closing levels in over two months.
- **Asian stocks** ended on a mixed note after the U.S. Senate announced it would vote on a stopgap funding bill later in the day to prevent a government shutdown.

Industry Buzz

- **Maruti Suzuki India:** The company expects adverse impact on vehicle production in Haryana and at its contract manufacturing unit, Suzuki motor Gujarat Pvt Ltd, Gujarat in October due to chip shortage. Total production volume across both the locations to be around 60% of normal production.
- **Adani Green Energy:** The wholly owned subsidiary Adani Renewable Energy (MH) Energy has completed acquisition of 100% of the share capital and all the securities of Vento Energy Infra from Essel Green Energy.
- **Phillips Carbon Black:** The company launched its QIP issue on Thursday and approved the floor price of Rs 255.85 per share. The floor price is at a discount of 4.31% to Thursday's closing price.

- **Reliance:** India raises domestic gas rates on surging overseas prices
- **Jubilant Foodworks:** Jubilant Foodworks Netherlands B.V. to acquire up to 17.18% ordinary shares of DP Eurasia N.V. through a reverse bookbuild process from certain professional investors of DP Eurasia. Post-acquisition, the company will indirectly hold up to 49.99% ordinary shares of DP Eurasia. Further, the company has exercised a call option for acquiring 39% equity stake in Jubilant Golden Harvest. Post-acquisition, the company will own 90% of the total shareholding of JGH.
- **Jain Irrigation Systems:** The company's wholly owned subsidiary, Jain International Trading BV, Netherlands, has completed the restructuring of \$200 million bonds listed on Singapore Stock Exchange.
- **SBI, Bank of Baroda and Union Bank of India** have each subscribed to 1.98 crore shares of National Asset Reconstruction Company. However, the four banks will reduce their stake in NARC to 9.90% from 13.27% by December 31. Canara Bank has subscribed to 2.40 crore shares of NARC. It will reduce its stake in the asset reconstruction company to 12% from 16.09% by December 31. PNB has subscribed to 1.80 crore shares of NARC. It will reduce its stake to 9% from 12.06% by December 31.

- **Punjab National Bank:** The bank has reduced Marginal Cost of Funds Based Lending Rate by 0.05% across tenors effective today. The Base Rate has been reduced from 8.55% to 8.50%.
- **IRB Infrastructure Developers:** Board has approved the allotment of secured NCDs aggregating to Rs 350 crore on a private placement basis to IDBI Bank. The coupon rate has been fixed at 9.55% per annum for a tenure of 6 years.
- **IIFL Wealth Management:** IIFL Asset Management's asset base has crossed Rs 50,000 crore-mark. The fund house's aggregate AUM comprising alternative assets and mutual fund rose to Rs 50,019 crore from Rs 37,372 on March 31, FY21. IIFL AMC is a wholly owned subsidiary of the company.
- **Bank of India:** The bank has issued and allotted Basel III Compliant Tier II bonds amounting to Rs 1,800 crore on a private placement basis. The coupon rate has been fixed at 7.14% per annum.
- **Vedanta:** Board has appointed Sandeep Modi, Deputy CFO as the interim Chief Financial Officer of the company w.e.f. October 1.
- **ONGC** says unit ONGC Videsh begins exploration well in Bangladesh's offshore SS-04 block.
- **Sun Pharma** lost a federal judge's ruling that invalidated a patent related to BromSite, a treatment for pain associated with cataract surgery and the subject of an infringement lawsuit against generic-drug maker **Lupin**.
- **InterGlobe Aviation, SpiceJet:** Watch Asian airline stocks as G-7 works to speed travel rebound.
- **Nuvoco Vistas:** Rated new Overweight at JPMorgan; price target Rs 710.

Indian Macro

- "Year-on-year inflation for the month (August 2021) stood at 4.79 per cent compared with 5.27 per cent for the previous month (July 2021) and 5.63 per cent during the corresponding month (August 2020) a year before," the labour ministry said in a statement. Similarly, it stated that food inflation stood at 4.83 per cent in August, against 4.91 per cent in the previous month and 6.06 per cent during the corresponding month a year ago. The All-India CPI-IW (consumer price index-industrial workers) for August 2021 increased by 0.1 point and stood at 123 points.
- India and the US should engage in a much bigger way and New Delhi is ready and willing to expand the economic partnership with America, Commerce and Industry Minister Piyush Goyal said. He also called for setting an ambitious bilateral trade target of \$1 trillion in the next 10 years. Addressing the 4th Annual Leadership Summit of the US-India Strategic Partnership Forum (USISPF), Goyal said though a lot of effort had gone into negotiating a trade agreement between the two countries during the previous US administration, unfortunately it did not work out. The minister said India is negotiating an early harvest agreement with Australia, "so now it is left to the US and India to engage in a much bigger way. I would urge all of you to also impress upon your administration (that) India is ready and willing to expand our economic partnership in the spirit of reciprocity and equality."

Global Macro

- WTI crude futures bounced back to \$75 per barrel in a volatile end-of-quarter session, close to a three-year high of \$76.67 earlier in the week, following reports that Beijing ordered Chinese state-owned energy companies to secure supplies for the incoming winter season at all costs. Additionally, OPEC predicts demand will outstrip supply by 1.2 million barrels a day in October and by 0.9 million barrels in November. The crude market is also receiving support from substitution effects amid soaring natural gas prices. Earlier in the session, prices had fallen due to weak factory activity data from China and an unexpected rise in domestic crude oil inventories.
- The au Jibun Bank Japan Manufacturing PMI was revised higher to 51.5 in September 2021 from a preliminary reading of 51.2, and after a final 52.7 a month earlier. This was the weakest growth in factory activity since a contraction in January, as pandemic restrictions and heightened supply chain disruption dampened activity in the manufacturing sector. Meantime, employment grew at the strongest rate since April 2019, as backlogs of work increased for the seventh time

in as many months. On the price front, input cost price inflation accelerated to the fastest pace in 13 years, while output cost inflation rises to the sharpest rate since October 2008. Finally, business confidence improved for the first time since June, as firms continued to forecast a rise in output in the coming year.

	S1	S2	PIVOT	R1	R2
ADANIAPORTS	727	721	742	748	762
ASIANPAINT	3184	3138	3266	3312	3394
AXISBANK	756	749	772	778	794
BAJAJ-AUTO	3794	3761	3845	3878	3930
BAJAJFINSV	17577	17271	17719	18025	18166
BAJFINANCE	7569	7426	7635	7779	7844
BHARTIARTL	677	670	693	700	716
BPCL	427	424	434	436	443
BRITANNIA	3924	3906	3958	3976	4011
CIPLA	970	961	985	993	1008
COALINDIA	181	179	186	188	194
DIVISLAB	4760	4723	4803	4840	4882
DRREDDY	4826	4786	4906	4946	5025
EICHERMOT	2751	2724	2799	2827	2874
GRASIM	1653	1639	1674	1687	1708
HCLTECH	1269	1257	1280	1291	1303
HDFC	2712	2685	2749	2776	2812
HDFCBANK	1581	1571	1594	1604	1617
HDFCLIFE	712	707	726	732	745
HEROMOTOCO	2808	2792	2843	2859	2895
HINDALCO	479	473	491	497	510
HINDUNILVR	2682	2670	2694	2706	2717
ICICIBANK	694	689	704	709	719
INDUSINDBK	1098	1088	1116	1125	1144
INFY	1663	1650	1683	1696	1716
IOC	123	122	126	127	130
ITC	233	232	237	238	242
JSWSTEEL	660	655	671	676	688
KOTAKBANK	1981	1970	2008	2020	2046
LT	1685	1673	1710	1723	1747
M&M	794	790	806	810	822
MARUTI	7267	7230	7337	7374	7444
NESTLEIND	19285	19164	19438	19559	19711
NTPC	140	137	141	144	146
ONGC	142	139	144	147	149
POWERGRID	185	182	191	194	201
RELIANCE	2494	2480	2514	2528	2548
SBILIFE	1198	1186	1209	1221	1231
SBIN	446	442	456	460	469
SHREECEM	28427	28264	28913	29077	29563
SUNPHARMA	805	792	819	831	845
TATACONSUM	806	802	815	819	828
TATAMOTORS	329	325	334	338	342
TATASTEEL	1269	1260	1293	1302	1325
TCS	3751	3723	3778	3806	3833
TECHM	1369	1360	1386	1395	1412
TITAN	2139	2113	2162	2187	2211
ULTRACEMCO	7329	7286	7414	7457	7542
UPL	701	697	711	715	724
WIPRO	629	623	638	643	652

Trading guidelines

- This model is based on the premise that the PIVOT is the most important price level that decides the intraday trend. Much like how the door or a window hangs by a hinge and sways in the wind, the intraday trend also hangs by this PIVOT LEVEL and swings because of the demand-supply, volatility and market sentiments prevailing in the market. Hence its importance in intraday trading.
- Wait for the market price to stabilize after opening in the first 30 minutes of trading.
- Opening Price is considered around close of previous day. Avoid BUYING if prices open abnormally high and avoid selling if prices open too low.
- If the market price is stable above the pivot level after 20-30 minutes of opening, then GO LONG and book profit near the resistant level (R1 & R2)
- If the market price is stable below the pivot level after 20-30 minutes of opening, then GO SHORT and book profit near the support level (S1 & S2)

Stop loss

Since you are aware of the 'potential returns' at the time of initiating an intraday trade (difference between the entry price and profit targets), you should set up an appropriate STOP LOSS around 1% above / below of the trade price or a level comfortable to you, to protect yourself if the market turns and goes against you.

Alternate strategy

If you have already initiated a trade with clear-cut profit targets and a stop loss level, and find during the course of the trading day that the market turns and goes the other way and crosses the TREND LEVEL, then trade again: For instance, if your first trade was a LONG trade and the market price drops through the TREND LEVEL to lower price levels, then GO SHORT and if your first trade was a SHORT trade and the market price rises through the TREND LEVEL to higher price levels, then GO LONG.

S1, S2 are the immediate support levels.

R1, R2 are the immediate resistance levels.

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